



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 6, 2010

Rick Havenstrite
Desert Hawk Gold Corporation
8921 North Indian Trail Road, Suite 288
Spokane, Washington 99208

Subject: Final Approval of Permit Transfer, Desert Hawk Gold Corporation, Cactus Mill, M/045/0049, Tooele County, Utah

Dear Havenstrite:

On March 15, 2010, the Division Director approved the Replacement Surety and Reclamation Contract for the Transfer of Notice of Intention (NOI) for the Cactus Mill from Clifton Mining Co. to Desert Hawk Gold Corporation. You are now solely responsible to conduct mining and reclamation operations as outlined in the approved Notice of Intention. Clifton Mining Co. is hereby released from any further reclamation liability under this permit.

This transfer applies to the existing approved permit M/045/0049. The current revision of the Notice of Intention has not been approved at this time. Additional surety will likely be required for the revision. Changes included in the proposed revision must be approved before being implemented.

Thank you for patience in completing this permit transfer. Please refer to file M/045/0049 in any correspondence regarding this operation. If you have questions regarding this letter, please contact me at 801-538-5261 or Leslie Heppler at 801-538-5257.

Sincerely,

Paul Baker
Minerals Program Manager

PBB:lah:pb

Enclosure: Reclamation Contract

cc: Keith Moeller - Clifton Mining Co. 80 W Canyon Crest RD, Suite D; Alpine UT 84004
BLM - Stephen.Allen@BLM.gov, SITLA - Wstokes@Utah.gov, Tooele County - wschubert@co.tooele.ut.us.assessor,
spehell@co.tooele.ut.us.recorder
Penny Berry, DOGM

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

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LARGE MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between DESERT HAWK GOLD Corp. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/045/0049 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the land affected by the mining operations in accordance with the Act and regulations, and the Operator is obligated to provide a surety in form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the Act and regulations, as they may be amended, and in accordance with the mining and reclamation plan (Reclamation Plan) approved by the Division all of the lands affected by the mining operations conducted or to be conducted pursuant to the approved Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

RECEIVED

MAR 15 2010

DIV. OF OIL, GAS & MINING

B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act, the regulations, and the Reclamation Plan, as they may be amended. If the mining operations are modified or for any other reason vary from those described in the approved Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the approved Notice of Intention in accordance with the requirements of the Act and regulations, as amended and the Reclamation Plan, as amended. If the Division makes such finding, Operator may make request to the Division for a reduction in the amount of the surety. The Division, or the Board if the surety is in the form of a board contract, may permit such a reduction if it determines that the reduced amount will be adequate to ensure complete reclamation of the lands affected by the mining in accordance with the requirements of the Reclamation Plan, the rules and the Act, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to

maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.

10. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.
12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party, and that the Operator, if not a natural person, is an entity properly organized and in good standing under the laws of the United States and is registered with and authorized to do business in the State of Utah.

OPERATOR:

DESERT HAWK GOLD CORP
Operator Name

By RICK HAVENSTRITE
Authorized Officer (Typed or Printed)

PRESIDENT
Authorized Officer - Position

[Signature] 3/10/2010
Officer's Signature Date

STATE OF NEVADA)
COUNTY OF WASHOE) ss:

On the 10th day of MARCH, 2010, RICK HAVENSTRITE personally appeared before me, who being by me duly sworn did say that he/she is an OFFICER (i.e. owner, officer, director, partner, agent or other (specify)) of the Operator and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors, or as may otherwise be required to execute the same with full authority and to be bound hereby.

Deanna M Blood
Notary Public
Residing at 2910 SCOTTSDALE RD, RENO, NV
My Commission Expires: 10-24-2011



DIVISION OF OIL, GAS AND MINING:

By John R. Baza 3/31/2010
John R. Baza, Director Date

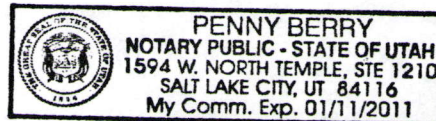
STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 31 day of March, 20 10, John R. Baza
personally appeared before me, who being duly sworn did say that he,
the said John R. Baza is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he
duly acknowledged to me that he executed the foregoing document by authority
of law on behalf of the State of Utah.

Penny Berry
Notary Public

Residing at: Salt Lake

1/11/2011
My Commission Expires:



FACT SHEET

Commodity: COPPER
 Bonded Acres: 9
 Mine Name: Cactus Mill
 Permit Number: M/045/0049
 County: TOOELE
 Operator Name: DESERT HAWK GOLD CORP.
 Operator Address: 8921 N. INDIAN TRAIL Rd - SPOKANE WA
 Operator Phone: 509-467-8204 99208
 Operator Fax: 509-468-1937
 Operator Email: RICKH@ODCNU.COM
 Contact Name: RICK HAVENSTRITE
 Contact Email: RICKH@ODCNU.COM
 Contact Phone: 775-848-5193
 Surety Type: CD & Cash
 Bank: WELLS FARGO
 Surety Amount: 39,025⁶¹ & 3,776.50
 Account number: CD # 7400661224
 Tax ID (required for cash only): N/A - 82-0230997
 Escalation year: RECALCULATION IN PROGRESS
 Surface Owner: CLIFTON MINING
 Mineral Owner: MOELLER FAMILY TRUST
 UTU/ML number: N/A

this fact sheet is for
 the transfer of the
 permit. The "Revised"
 NOI is still being
 reviewed and surety
 amount and acres will
 change. A new lease
 operation is to be
 added. JAH 0324-10



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Wells Fargo Bank (Bank Name)
5285 West 11000 North (Address)
Highland, Utah 84003
(801) 763-5300

Attention: Brad Parkinson, Relationship Manager 801-796-4686 (phone)

Subject: Reclamation Surety, Certificate of Deposit for Desert Hawk Gold Corp.,
Cactus Mill Mine Site, M/045/0049,
Tooele County, Utah, BLM Serial Number _____

Certificate of Deposit no. _____; Principal Amount \$ 39,025.61.

This letter describes the mutually agreed upon instructions of the below signed parties to

Wells Fargo Bank Bank, regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Cactus Mill mine site, Tooele County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$ 38,800.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the BLM upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Desert Hawk Gold Corp., a Corporation but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and BLM and is subject to the terms and conditions described in this agreement. Bank hereby acknowledges the pledge of



the aforesaid CD to the Division and the BLM and agrees to record the information in the bank's written and electronic records of book entry. Further, the bank acknowledges and agrees that it shall hold the moneys represented by the CD's as a custodian and agent for the Division and shall be liable to the Division for any and all losses to the principal amount of the aforesaid CD caused in any manner whatsoever during the terms of this agreement. The Division acts as agent for the Bureau of Land Management. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division. The Division may request CD information on an occasional basis. This letter grants approval by Desert Hawk Gold Corp. for the bank to provide CD information to the Division any time an inquiry is made via telephone, email, or letter.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of Director of the Utah Division of Oil, Gas & Mining. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

Release:

The Bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest. In the event of Bank cancellation/termination of the Certificate of Deposit, the Division may request a transfer or release of the certificate of deposit monies into a state managed cash account to assure or complete reclamation if the Operator does not replace the Certificate of Deposit within the ninety days of Bank cancellation/termination notice. If the Bank is under a forced cancellation/termination, the Bank agrees to transfer or release the CD funds to a state managed cash account at the Division's request.

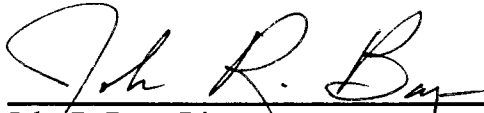
Page 3
November 23, 2009
Subject:

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$_____. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.


Bank will not be held liable for any dispute between the parties.

Agreed Upon By:



John R. Baza, Director
Utah Division of Oil, Gas & Mining

Date: 3/31/2010



Rick Havenstrite, President
Desert Hawk Gold Corp.
Tax ID Number: _____

Date: 11/23/2009



Date: 12/16/2009


Wells Fargo Bank

Bond Number _____

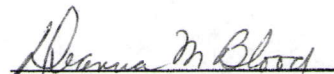
**AFFIDAVIT OF QUALIFICATION
PERMITTEE/OPERATOR**

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Rick HAVENSTRITE, being first duly sworn under oath, deposes and says that he/she is
the (officer or agent) OFFICER of DESERT HAWK GOLD CORP
and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said
PERMITTEE/OPERATOR is authorized to execute the same and has complied in all respects
with the laws of Utah in reference to commitments, undertakings and obligations herein.


(Signed)
Name - Position

Subscribed and sworn to before me this 23 day of Nov, 2009.


Notary Public

My Commission Expires:

10/24, 20 11.

Attest:

STATE OF NEVADA)

COUNTY OF WASHOE)

ss:



CLIFTON MINING COMPANY

80 West Canyon Crest Road • Alpine, UT 84004
Phone (801) 756-1414 • Fax (801) 756-5454

LETTER OF AUTHORIZATION

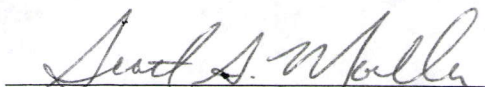
November 10, 2009

Wells Fargo Business Banking Group
Attn. Brad Parkinson, Relationship Manager
66 South Main Street
Pleasant Grove, UT 84062

Subject: Authorization to transfer Certificate of Deposit number' _____ from
Clifton Mining Company to Desert Hawk Gold Corp.

Clifton Mining Company hereby authorizes and consents to the transfer of Certificate of Deposit no. { _____ } in the principal amount \$38,800.00 for the Cactus Mill Mine Site Reclamation Surety M/045/0049, Tooele County, Utah, to Desert Hawk Gold Corp. These reclamation funds are designated to be available to the State of Utah, Division of Oil, Gas & Mining ("DOGM") and the Bureau of Land Management ("BLM") upon demand in the event that the operator of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations. Clifton Mining Company hereby requests to be copied on any notice of reclamation requirement by either DOGM or the BLM to Desert Hawk Gold Corp.

Sincerely,



Scott S. Moeller, VP Finance, Secretary - Treasurer
Clifton Mining Company

State of Utah)
 :SS
County of Utah)

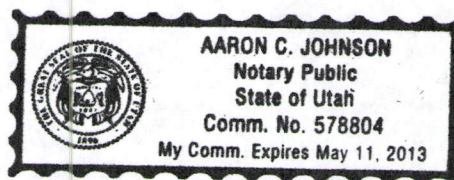
The foregoing instrument was acknowledged before me this 19 day of November, 2009,
by **Scott S. Moeller**, V.P. – Finance, Secretary – Treasurer of **Clifton Mining Company**,
a Utah corporation, on behalf of the corporation.

WITNESSETH MY HAND AND OFFICIAL SEAL

Notary Public

Residing At:

My Commission Expires:



ZIONS BANK

Statement of Account

October 1, 2009 Through December 31, 2009

UST - OGM Desert Hawk Gold Corp.

Account Number : _____

Desert Hawk Gold Corporation

Attn: Robert Jorgensen

8921 Indian Trail Rd. #288

Spokane, WA 99208

Please contact your administrator - Raylyn Daniel - UST 801-844-8523
with any questions concerning your account.

Confidential And Privileged Information

CLIFTON MINING COMPANY

80 West Canyon Crest Road • Alpine, UT 84004
Phone (801) 756-1414 • Fax (801) 756-5454

LETTER OF AUTHORIZATION

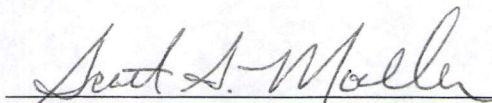
November 10, 2009

Zions Bank Corporate Trust Department
Attn. Dan Dixon
P.O. Box 30880
Salt Lake City, UT 84130

Subject: Authorization to transfer Deposit number _____ from Clifton Mining Company's name and re-title to Desert Hawk Gold Corp.

Clifton Mining Company hereby authorizes and consents to the transfer and re-titling of Deposit no. '_____' in the amount \$3,776.50 for the Cactus Mill Mine Site Reclamation Surety M/045/0049, Tooele County, Utah, to Desert Hawk Gold Corp. These reclamation funds are designated to be available to the State of Utah, Division of Oil, Gas & Mining ("DOGM") and the Bureau of Land Management ("BLM") upon demand in the event that the operator of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations. Clifton Mining Company hereby requests to be copied on any notice of reclamation requirement by either DOGM or the BLM to Desert Hawk Gold Corp.

Sincerely,




Scott S. Moeller, VP Finance, Secretary - Treasurer
Clifton Mining Company

State of Utah)
 :ss
County of Utah)

The foregoing instrument was acknowledged before me this 19 day of November, 2009,
by **Scott S. Moeller**, V.P. – Finance, Secretary – Treasurer of **Clifton Mining Company**,
a Utah corporation, on behalf of the corporation.

WITNESSETH MY HAND AND OFFICIAL SEAL

Notary Public 
Residing At: 4164 Canyon UT
My Commission Expires: MAY 11, 2013

